

The rolling stock exemption includes equipment or parts that become a physical component of qualifying rolling stock and to equipment which, though not physically incorporated, is dedicated to a particular qualifying carrier and participates directly in the transportation process. See 86 Ill. Adm. Code 130.340(b). (This is a GIL.)

September 27, 2005

Dear Xxxxx:

This letter is in response to your letter dated February 22, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I'm inquiring as to the Sales/Use/Rental tax implication of leasing generators that are attached to tracker trailers. ABC is a small ticket equipment leasing company that occasionally leases generator [sic] under both a true lease (FMV option) or conditional sale lease (\$1.00 option).

Many of our customers claim exemption as a common carrier under the U.S. Department of Transportation's interstate commerce regulations. In my review many state [sic] do exempt the vehicle but I'm not sure how a generator which is attached would be classified.

Please provide a written explanation as to whether a generator would be taxed or exempt for Sales/Use/Rental tax in your state.

Should you have any questions or comments please contract me via e-mail.

DEPARTMENT'S RESPONSE:

General information regarding the taxation of leases may be found at 86 Ill. Adm. Code 130.2010. For information regarding the rolling stock exemption, please refer to 86 Ill. Adm. Code 130.340.

Please note, the rolling stock exemption includes equipment or parts that become a physical component of qualifying rolling stock and to equipment which, though not physically incorporated, is dedicated to a particular qualifying carrier and participates directly in the transportation process. See 86 Ill. Adm. Code 130.340(b). In addition, it is important to note that the rolling stock exemption for Illinois tax purposes is not dependent on the U.S. Department of Transportation's interstate commerce regulations.

You may also find helpful information regarding the rolling stock exemption by viewing the Department's "Sunshine Letter" rulings which may be found on the Department's internet website at the location shown below. For example, see general information letter ST-92-0001-GIL.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

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